

REMARKS

The Examiner objected to the specification as containing new matter based upon a preliminary amendment. Applicant has removed the phrase “legal risk” from page 2 and “or agreement between the parties” from page 5. Therefore, applicant requests the Examiner withdraw the objection.

The Examiner objected to claim 2 due to typographical errors. These errors have been corrected by amending the claim to list the appropriate numbering scheme (vi). Therefore, applicant requests the Examiner withdraw the objection.

The Examiner rejected claims 1-9 under 35 U.S.C. 101 stating the claims were directed to non-statutory subject matter. The claims have been amended to incorporate the recitation of technology in the body of the claims. Applicant has amended the claim language to include discussion of a computer in the body of the claim as suggested by the Examiner. Therefore, applicant requests the Examiner withdraw the rejection.

Claim 1 was rejected under 35 U.S.C. 102(e) as being anticipated by Maples (U.S. 6,381,585). The Examiner has asserted that Maples discloses all of the features of claim 1 of the present application. The applicant respectfully disagrees. Applicant submits that Maples does not disclose a method of operating a financial instrument associated with a company including establishing a financial instrument to include a first claim on the company at a first seniority level, the financial instrument being associated with a predefined future time period and with one or more specified events which the company may experience during the period, nor the step of upon one of the specified events occurring during the period, transforming the first claim to a predefined second claim having a second seniority level lower than the first seniority level, all of these being features of claim 1 of the present application.

The passage referred to by the Examiner (Maples – column 2, line 53 to column 3, line 29) merely discloses bonds, particularly convertible bonds that are convertible at the option of the bond holder. Maples discusses the options available for converting a convertible bond at the option of the holder to exchange, for example, an issue (bond/security) for another security. There is no disclosure or suggestion in Maples of the financial instrument being associated with a predefined future time period and with one or more specified events which the company may experience during the period, nor the step of upon one of the specified events occurring during

the period, transforming the first claim to a predefined second claim having a second seniority level lower than the first seniority level, all of these being features of claim 1 of the present application.

Thus it is submitted that claim 1 of the present application is not anticipated by Maples as Maples does not disclose or suggest all of the features of claim 1 of the present application.

Claims 2-7 were rejected under 35 U.S.C. 103(a) as unpatentable over Maples. However, these claims are dependent on allowable base claim 1. Therefore, these claims are not unpatentable by Maples for the same reasons set out above in connection with claim 1.

Claims 8 and 9 were rejected under 35 U.S.C. 103(a) as unpatentable over Maples in view of Grigsby (U.S. Pat. Pub. No. 2002/0016758). The Examiner states it would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified the Maples system with the teachings of the Grigsby patent so as to provide a more accurate, representative value.

Maples does not disclose or suggest a computer based method of or a computer system for establishing a value of an instrument associated with a company including a first claim on the company at a first seniority level, attendant to a financial instrument being associated with a predefined future time period and with one or more specified events which the company may experience during the period, nor the step of upon one of the specified events occurring during the period, transforming the first claim to a predefined second claim having a second seniority level lower than the first seniority level, all of these being features of claims 8 and 9 of the present application.

As mentioned above in connection with claim 1, it is submitted that the passage referred to by the Examiner (Maples – column 2, line 53 to column 3, line 29) merely discloses bonds, particularly convertible bonds which are convertible at the option of the bond holder. Maples discusses the options available for converting a convertible bond at the option of the holder to exchange, for example, an issue (bond/security) for another security. There is no disclosure or suggestion in Maples of the financial instrument being associated with a predefined future time period and with one or more specified events which the company may experience during the period, nor the step of upon one of the specified events occurring during the period, transforming the first claim to a predefined second claim having a second seniority level lower than the first seniority level, all of these being features of claims 8 and 9 of the present application.

It is agreed with the Examiner that Maples does not disclose or suggest the remaining features of these claims, namely obtaining/providing a statistical model of the likelihood of occurrence of the specialized events and deriving the value of the instrument using the statistical model and respective values of the first and second claims. With regard to the aforementioned two features, it is however submitted that Grigsby neither discloses nor suggests these features, contrary to the Examiner's assertions in this regard.

The passage referred to by the Examiner in Grigsby (numbered paragraph 0070) teaches a system which may prompt an issuer or associated party to participate in a test pricing run. There is no disclosure or suggestion of obtaining a statistical model or the likelihood of a specified event, nor deriving the value of an instrument using a statistical model and respective values of the first and second claims, these being features of claims 8 and 9 of the present application. There is no suggestion in either of the references that they be combined in the manner suggested by the Examiner. Absent such a suggestion, a person skilled in the art who was looking for a solution to the problem of the conversion of bonds at the option of the bond holder as exhibited by Maples would hardly be disposed on any objective basis, to consider a reference like Grigsby, which shows absolutely no recognition of the problem of conversion of bonds at all but which shows absolutely no recognition of the problem, let alone any structure that would avoid or solve the problem.

Moreover, the structure that would result from the Examiner's proposed combination does not meet the terms of claims 8 and 9. Such claims as amended discloses a method or system for investors to obtain an instrument, which changes seniority claim in the event of an operating problem rather than losing all claims on the assets of a company.

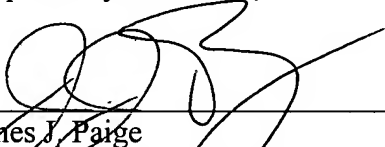
Thus it is submitted that claims 8 and 9 of the present application are not unpatentable by Maples or Grigsby when considered alone or in combination.

In light of the above, applicant respectively submits that claims 1-9 are in condition for allowance. As these are the only claims pending in the application, issuance of a Notice of Allowance is courteously solicited.

The application presents three independent claims and eleven total claims. Enclosed herewith is a Petition for a Two-Month Extension of Time under 37 C.F.R. §1.136(a)(1) and a check for \$225 to cover the fee under 37 C.F.R. §1.17(a)(2). Please treat any communication filed at any time in this application, requiring a petition for an extension of time under 37 CFR

1.136(a) towards timely submission as incorporating a proper petition for an extension of the appropriate length of time. If any additional fees are required to enter the present amendment, applicant hereby authorizes the office to charge our Deposit Account No. 061910. If the Examiner feels prosecution of the present application can be materially advanced by telephonic interview the undersigned would welcome a call at the number listed below.

Respectfully submitted,

  
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Registration No. 50,886

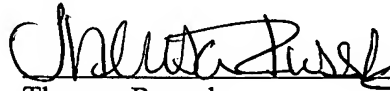
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*Please grant any extension of time necessary for entry; charge any fee due to Deposit Account No. 06-1910.*

CERTIFICATE OF MAILING

I hereby certify that this document is being deposited with the United States Postal Service with sufficient postage as first class mail in an envelope addressed to: Commissioner for Patents, PO Box 1450, Alexandria, VA 22313-1450.

February 22, 2000  
Date of Deposit

  
Theresa Russek

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